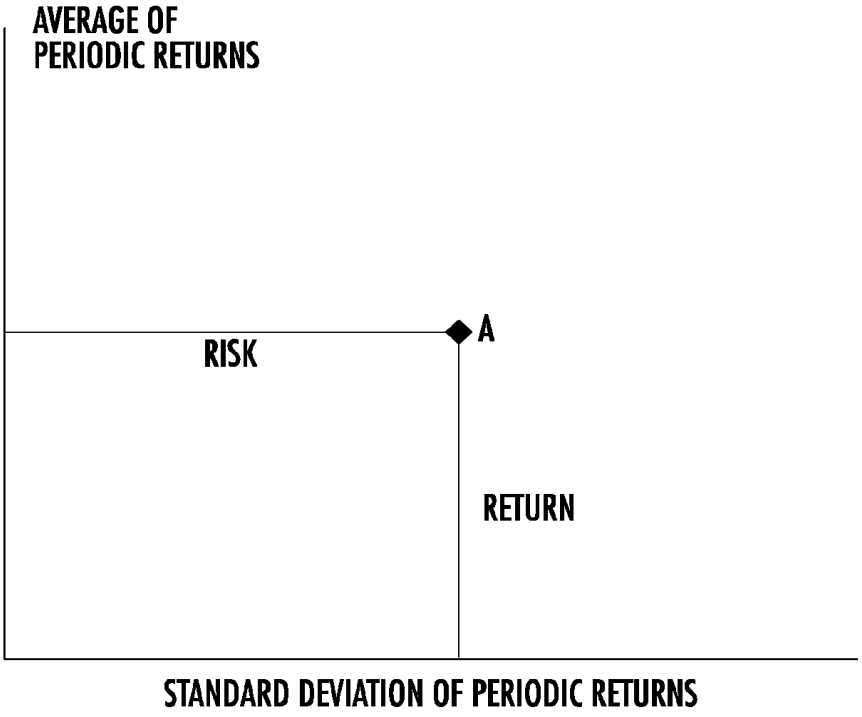

FIG. 1
(PRIOR ART)

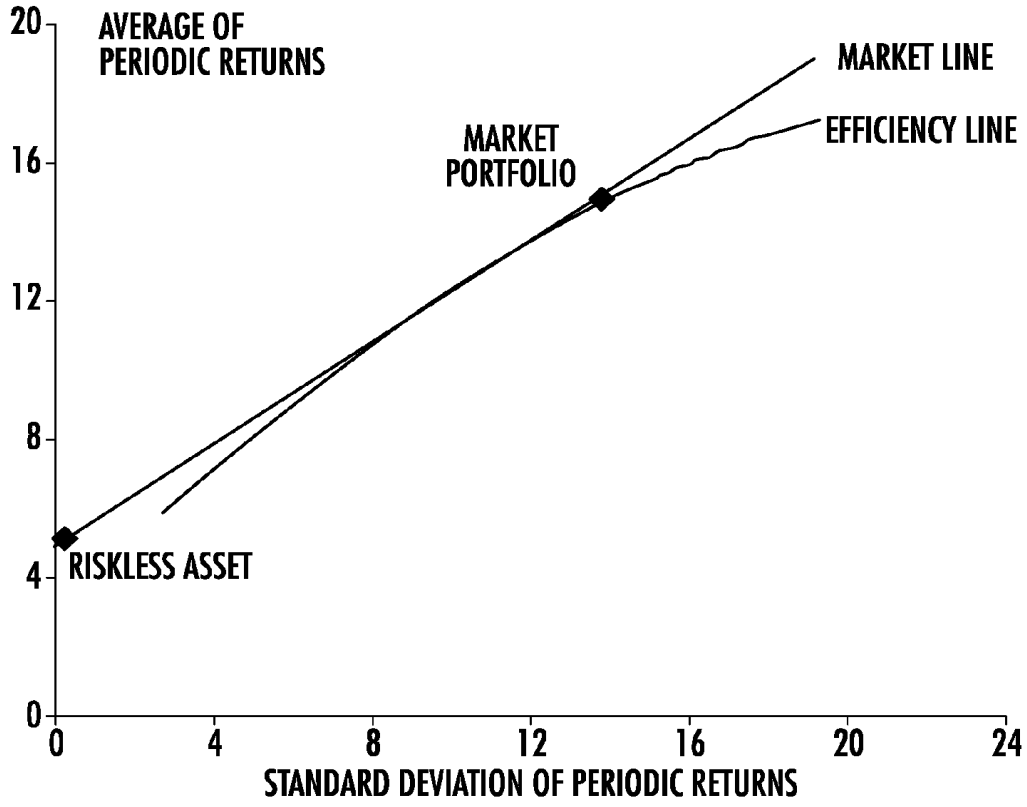

FIG. 2
(PRIOR ART)

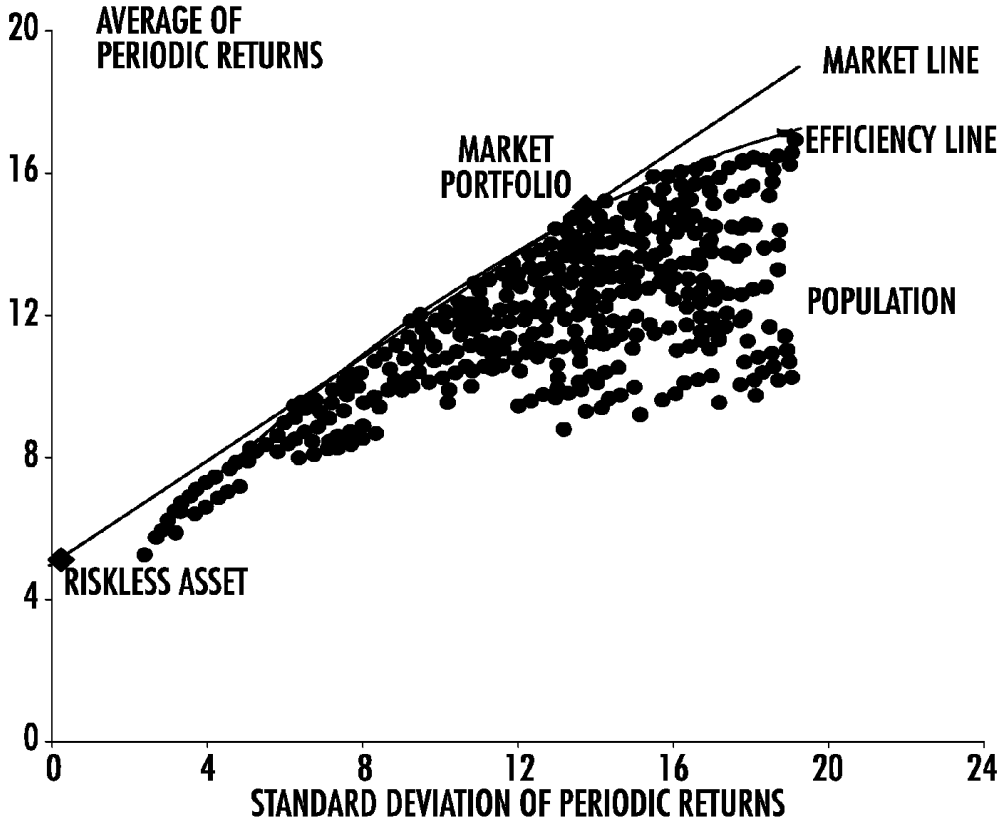
AVERAGE OF
PERIODIC RETURNS
MARKET LINE
EFFICIENCY LINE
MARKET
PORTFOLIO
POPULATION
RISKLESS ASSET
20
16
12
8
4
0
0
4
8
12
16
20
24
STANDARD DEVIATION OF PERIODIC RETURNS

FIG. 3

A

SECTORS	PERIODIC RETURNS 1	2	3	4	5
AGG	(1.63)	(25.99)	3.69	9.29	4.91
AAB	(0.90)	(18.80)	2.82	9.80	5.98
AVG	0.58	(9.80)	1.85	6.73	4.93
LRSK	0.68	0.68	0.71	0.70	0.73
CON	(0.66)	(18.70)	0.24	7.47	7.04

B C

	ALLOCATION ALTERNATIVES AGG	AAB	AVG	LRSK	CON	PERIODIC RETURNS 1	2	3	4	5
1	100%	0%	0%	0%	0%	(1.63)	(25.99)	3.69	9.29	4.91
2	95%	5%	0%	0%	0%	(1.59)	(25.63)	3.65	9.32	4.97
3	95%	0%	5%	0%	0%	(1.52)	(25.18)	3.60	9.16	4.92
4	95%	0%	0%	5%	0%	(1.51)	(24.65)	3.55	8.86	4.71
5	95%	0%	0%	0%	5%	(1.58)	(25.62)	3.52	9.20	5.02
6	90%	10%	0%	0%	0%	(1.55)	(25.27)	3.61	9.34	5.02
10,626	0%	0%	0%	0%	100%	(0.66)	(18.70)	0.24	7.47	7.04

FIG. 4

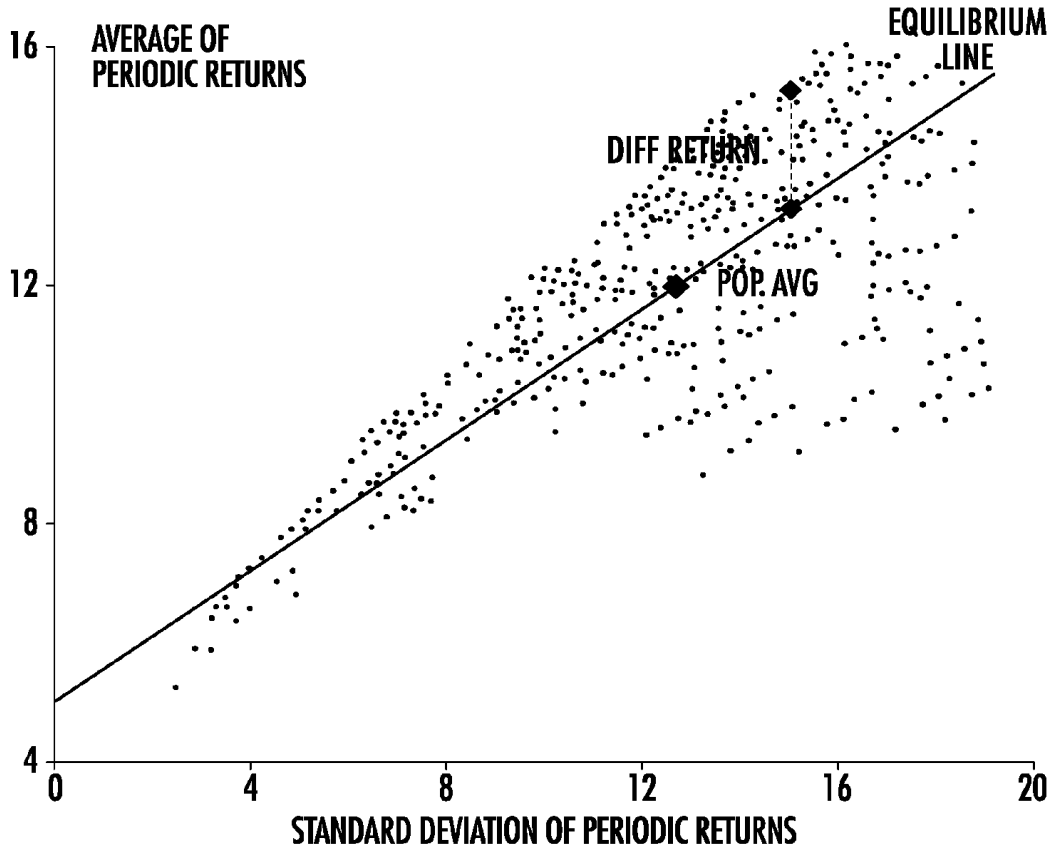
AVERAGE OF
PERIODIC RETURNS
EQUILIBRIUM
LINE
DIFF RETURN
POP. AVG
16
12
8
4
0
4
8
12
16
20
STANDARD DEVIATION OF PERIODIC RETURNS

FIG. 5

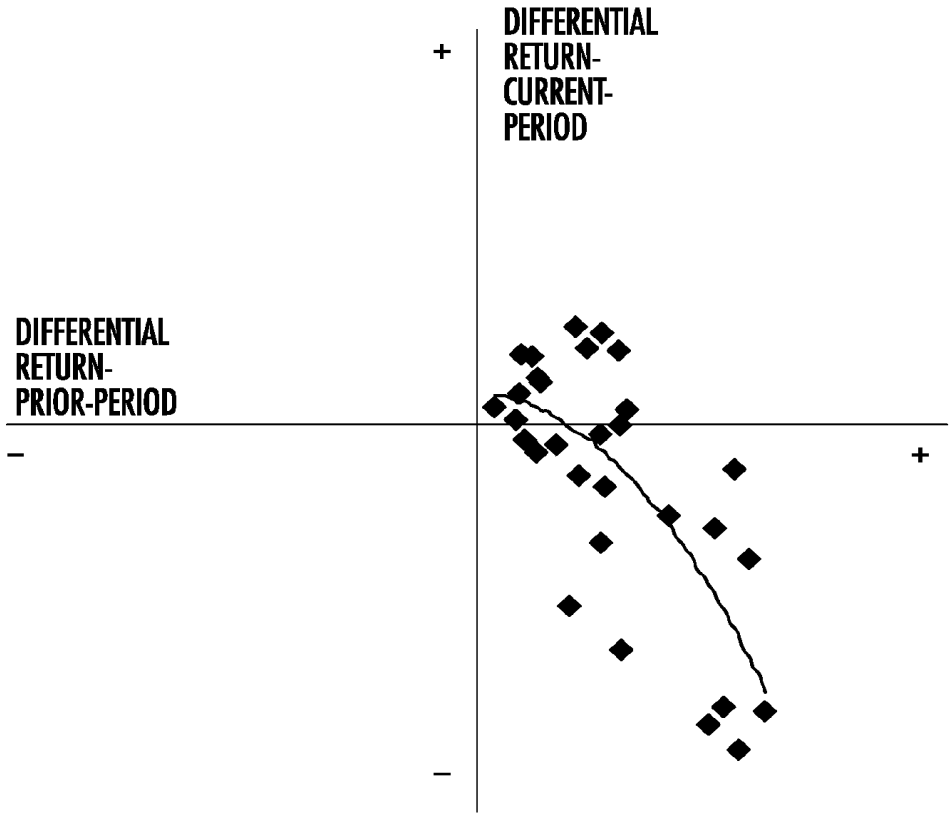
DIFFERENTIAL
RETURN-
CURRENT-
PERIOD
+
DIFFERENTIAL
RETURN-
PRIOR-PERIOD
–
+
–

FIG. 6

AVERAGE

100	0.37	0.31	0.22	0.08
75	0.24	0.13	0.03	-0.13
50	0.13	0.00	-0.12	-0.38
25	-0.02	-0.16	-0.31	-0.77
DIFFRET	25	50	75	100

VARIANCE

FIG. 7